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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING October 1, 2005 AND ENDING September 30, 2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Haywood Securities (U.S.A.) Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

2000 - 400 Burrard Street

(No. and Street)

Vancouver

BC

V6C 3A6

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Charles Dunlap

(604) 697-7108

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

(Name - if individual, state last, first, middle name)

700 West Georgia Street

Vancouver

BC

V7Y 1C7

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☐ Certified Public Accountant☐ Public Accountant☒ Accountant not resident in United States or any of its possessions.

PROCESSED
JAN 25 2007
THOMSON
FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Charles Dunlap, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Haywood Securities (U.S.A.) Inc., as of September 30, 20 06, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

DANA H. PRINCE
SUITE 1810
1111 WEST GEORGIA STREET
VANCOUVER, B.C. V6E 4M3
Barrister & Solicitor

Notary Public

Signature

Chief Financial Officer

Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

Haywood Securities (U.S.A.) Inc.

STATEMENTS OF FINANCIAL CONDITION

(Expressed in U.S. Dollars)

As at September 30

	2006 \$	2005 \$
ASSETS		
Current		
Cash [note 5]	2,404,578	2,168,012
Accounts receivable	379	—
Prepaid expenses	9,066	—
Income taxes recoverable	199,650	—
Deposits and amounts receivable from brokers/dealers [note 8]	168,626	267,898
Marketable securities (at market)	36,288	—
	2,818,587	2,435,910
Due from Haywood Securities Inc., without interest or stated terms of repayment [note 8]	944,212	40,152
Long term investments (at market)	60,782	—
	3,823,581	2,476,062
Contingencies and commitments [note 10]		
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current		
Accounts payable and accrued liabilities	165,060	19,523
Due to customers	16,291	—
Income taxes payable	—	173,984
	181,351	193,507
Liabilities subordinated to claims of general creditors [note 6]	100,000	350,000
	281,351	543,507
Stockholder's equity		
Common stock [note 7]	100	100
Retained earnings	3,542,130	1,932,455
Total stockholder's equity	3,542,230	1,932,555
	3,823,581	2,476,062

See accompanying notes

On behalf of the Board:


Director


Director

